

FORM 500 NOTIFICATION LETTER FUNDING COMMITMENT SYNOPSIS  
(Funding Year 2003)

Service Provider Name: Henkels & McCoy, Inc.  
Service Provider Identification Number: 143008784

Funding Request Number: 1030636

Form 471 Application Number: 341105

Name of 471 Applicant: LITTLE ROCK SCHOOL DISTRICT

Entity Number: 82693

Name of Form 500 Contact Person: LUCY NEAL

Form 500 Contact Person Information: 7701 SCOTT HAMILTON DR, LITTLE ROCK, AR 72209,  
501-447-1303, 501-447-1301, LUCY.NEAL@LRSD.ORG

Funding Year 2003: 07/01/2003 -- 06/30/2004

Billing Account Number: 12765--3781

Reduce FRN: \$206,028.40; \$188,311.05

SLD Assistance 1-888-203-8100

11/30/04 - WILL REDUCE DOWN - to 188,311.00

INVOICING <sup>DEPT</sup> 973-428-7335  
<sub>HOTLINE</sub>

PROCESSING STAGE

CASE# 21173083

12/06/04 LEFT message w/ Invoicing Dept



# Little Rock School District

EXHIBIT E

810 West Markham Street  
Little Rock, AR 72201

CHIEF FINANCIAL OFFICER  
**Mark D. Milhollen**  
Phone: (501) 447-1010  
Fax: (501) 447-1159

November 17, 2005

Federal Communications Commission  
Office of the Secretary  
445 - 12th Street, SW  
Washington, DC 20554

**Subject: Request for Review**

**CC Docket No. 02-6**

This letter is in support of the appeal being filed by Henkels & McCoy in response to the USAC Administrator's decision to deny in full all invoices submitted for the Little Rock School District (LRSD) 471 Application Number 341105.

Billed Entity Number	139544
471 Application Number	341105
Funding Request Numbers	1030699, 1030354, 1030299, 1030525, 1030636, 1030669
Vendor SPIN	143008784

## **Background**

- 471 Application filed February 2003
- 471 Application selected for both PIA and Selective Review
- FCDL issued May 18, 2004

The table below shows a breakdown of the funding by FRN.

**Table 1**

FRN	SLD Inv Number	Date Paid	Amount Requested	Amount Approved	Amount Paid	Difference
1030699	535884	May 5, 2005	\$167,986.03	\$167,528.86	\$158,666.55	\$8,862.31
1030354	527374	May 5, 2005	\$146,601.91	\$146,144.75	\$144,954.02	\$1,190.73
1030299	535639	May 5, 2005	\$181,993.49	\$181,536.33	\$172,674.02	\$8,862.31
1030525	501242	March 16, 2005	\$186,984.78	\$186,578.42	\$150,928.85	\$35,649.57
1030636	501903	Feb. 21, 2005	\$224,017.86	\$188,311.05	\$94,155.52	\$94,155.53
1030669	493120	Feb. 21, 2005	\$177,959.75	\$177,502.58	\$147,939.80	\$29,562.78
<b>Total</b>			<b>\$1,085,543.82</b>	<b>\$1,047,601.99</b>	<b>\$869,318.76</b>	<b>\$178,283.23</b>

The intent of this letter is to show the negative impact to LRSD students as a result of the decision by the SLD not to honor the Funding Commitment Decision Letter issued May 18, 2004.

Throughout the PIA process, LRSD answered several questions regarding this application. Additionally, the District participated in a Selective Review and in April of 2005 an audit was conducted at Watson Elementary School (FRN 1030669). At no time during this process was there any indication from the SLD that they had identified problems with this application.

In the RFP issued in 2002, LRSD clearly stated that implementation of this project was completely dependent upon receipt of E-rate funding and that the vendor would be responsible for filing all invoices with the SLD while LRSD would be responsible for ineligible products and services as well as the District's percentage of eligible products and services. As was stated earlier, that funding was approved in May of 2004, and work on this project began shortly thereafter. Funds in the amount of \$178,283.23 are not, and have never been, included in the LRSD budget since the project implementation was based on receipt of E-rate funds.

Our service provider, Henkels & McCoy (H&M), received notification from the SLD that each invoice submitted would be reduced by the amounts shown in **Table 1, Page 1**. There is no consistency in the reduction amounts, even though the same categories of products and/or services were reduced for each FRN. Of particular concern, is FRN 1030636 which was reduced by 50%. H&M filed an appeal that was denied in full on September 30, 2005. In this denial letter it states that Form 474 included costs for ineligible products and/or services.

LRSD strongly disagrees with this reduction and denial of appeal. The products and services identified for denial are all eligible products and services for Funding Year 2003—2004. Each eligible product and service is associated with the E-rate qualification on the Item 21 attachment for this application as well as the vendor invoice.

LRSD viewed the receipt of the FCDL as a "green light" to begin the project. Since the District had participated in a thorough review process, we had no reason to think we would be responsible for any other funds other than what was indicated in the FCDL. This begs the question, when is a FCDL truly a FCDL? The District may have elected to cancel the project had we known that over a year later committed funds would be denied.

We ask that you review all documentation associated with 471 Application Number 341105 and instruct the SLD to honor the FCDL issued on May 18, 2004. If the SLD decision is not reversed, LRSD will have to make payment to H&M from funds intended for other scheduled technology projects and upgrades that directly impact LRSD students. In the meantime, LRSD will schedule a meeting with the State of Arkansas congressional delegation to discuss this situation as we think this denial is grossly unfair to the LRSD and its patrons.

If you have any questions regarding this documentation, please contact the LRSD E-rate Coordinator, Lucy Neal, at either 501-447-1303 or [lucy.neal@lrzd.org](mailto:lucy.neal@lrzd.org).

Sincerely,



Mark D. Milhollen  
Chief Financial Officer  
MDM:ca

## EXHIBIT F



**Universal Service Administrative Company**  
**Schools & Libraries Division**

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**Notification of Commitment Adjustment Letter**  
**Funding Year 2003: 7/01/2003 - 6/30/2004**

October 25, 2005

**Al Hussey**  
**Henkels & McCoy Inc.**  
**515 Huffines Blvd**  
**Lewisville, TX 75056 1306**

**Re: SPIN: 143008784**  
**Form 471 Application Number: 341105**  
**Funding Year: 2003**  
**FCC Registration Number**  
**Applicant Name: LITTLE ROCK SCHOOL DISTRICT**  
**Billed Entity Number: 139544**  
**Applicant Contact Person: LUCY NEAL**

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the adjustments to the funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at [www.universalservice.org/new/2004.asp#083104](http://www.universalservice.org/new/2004.asp#083104) for more information regarding the consequences of not paying the debt in a timely manner.

## TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Numbers you are appealing. Your letter of appeal must include the Billed Entity Name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125- Correspondence Unit, 80 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by contacting the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals option.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket Nos. on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site, or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options

## FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which adjustments are necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report.

The SLD is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the applicant detailing the necessary applicant action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or the applicant submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: LUCY NEAL  
LITTLE ROCK SCHOOL DISTRICT

## A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

Attached to this letter will be a report for each funding request from your application for which a commitment adjustment is required. We are providing the following definitions.

**FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

**CONTRACT NUMBER:** The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on Form 471.

**SERVICES ORDERED:** The type of service ordered by applicant, as shown on Form 471.

**BILLING ACCOUNT NUMBER:** The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

**ORIGINAL FUNDING COMMITMENT:** This represents the original amount of funding that SLD had reserved to reimburse for the approved discounts for this service for this funding year.

**COMMITMENT ADJUSTMENT AMOUNT:** This represents the amount of funding that SLD has rescinded because of program rule violations.

**ADJUSTED FUNDING COMMITMENT:** This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

**FUNDS DISBURSED TO DATE:** This represents the total funds that have been disbursed for this FRN as of the date of this letter.

**FUNDS TO BE RECOVERED FROM SERVICE PROVIDER:** This represents the amount of Improperly Funds Disbursed to Date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from you, the service provider.

**FUNDING COMMITMENT ADJUSTMENT EXPLANATION:** This entry provides an explanation of the reason the adjustment was made.

**Funding Commitment Adjustment Report  
Form 471 Application Number: 341105**

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Funding Request Number:	1030299
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$181,536.33
Commitment Adjustment Amount:	\$32,230.47
Adjusted Funding Commitment:	\$149,305.86
Funds Disbursed to Date:	\$172,674.02
Funds to be Recovered from Service Provider:	\$23,368.16

**Funding Commitment Adjustment Explanation:**

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$32,230.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$23,430.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$35,811.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$32,230.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.sl.universalservice.org](http://www.sl.universalservice.org), Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$32,230.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR  
CHECK TO ENSURE TIMELY PROCESSING**

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Funding Request Number:	1030354
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$146,144.75
Commitment Adjustment Amount:	\$22,645.47
Adjusted Funding Commitment:	\$123,499.28
Funds Disbursed to Date:	\$144,954.02
Funds to be Recovered from Service Provider:	\$21,454.74

**Funding Commitment Adjustment Explanation:**

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$22,645.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$12,780.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$25,161.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$22,645.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.sl.universalservice.org](http://www.sl.universalservice.org), Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$22,645.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

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Funding Request Number:	1030669
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$177,502.58
Commitment Adjustment Amount:	\$30,952.47
Adjusted Funding Commitment:	\$146,550.11
Funds Disbursed to Date:	\$147,939.80
Funds to be Recovered from Service Provider:	\$1,389.69

**Funding Commitment Adjustment Explanation:**

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$30,952.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligible items and power strips, and related tax for ineligible items and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$22,010.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$34,391.63. At the applicants 90 percent discount rate this resulted in an improper commitment of \$30,952.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.sl.universalservice.org](http://www.sl.universalservice.org), Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$30,952.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

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Funding Request Number:	1030699
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$167,528.86
Commitment Adjustment Amount:	\$29,035.47
Adjusted Funding Commitment:	\$138,493.39
Funds Disbursed to Date:	\$158,587.58
Funds to be Recovered from Service Provider:	\$20,094.19

**Funding Commitment Adjustment Explanation:**

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$29,035.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$19,880.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$32,261.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$29,035.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.sl.universalservice.org](http://www.sl.universalservice.org), Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$29,035.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

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**Universal Service Administrative Company  
Schools & Libraries Division**

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**Notification of Commitment Adjustment Letter  
Funding Year 2003: 7/01/2003 - 6/30/2004**

October 25, 2005

**LUCY NEAL  
LITTLE ROCK SCHOOL DISTRICT  
3001 S. Pulaski  
Little Rock, AR 72206 1306**

**Re: Form 471 Application Number: 341105  
Funding Year: 2003  
Applicant's Form Identifier: LRSD-IC-MRS-03--04  
Billed Entity Number: 139544  
FCC Registration Number: 11861903  
SPIN Name: Henkels & McCoy Inc.  
Service Provider Contact Person: Al Hussey**

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the adjustments to your funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the program rule violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at [www.universalservice.org/new/2004.asp#083104](http://www.universalservice.org/new/2004.asp#083104) for more information regarding the consequences of not paying the debt in a timely manner.

**TO APPEAL THIS DECISION:**

If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Numbers you are appealing. Your letter of appeal must include the Billed Entity Name, the Form 471 Application Number, Billed Entity Number, and FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Appeals Area of the SLD section of the USAC web site or by contacting the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals options.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site, or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

**FUNDING COMMITMENT ADJUSTMENT REPORT**

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report.

The SLD is also sending this information to your service provider(s) for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the service provider detailing the necessary service provider action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or your service provider submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the applicant is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: Al Hussey  
Henkels & McCoy Inc.

## A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

A report for each E-rate funding request from your application for which a commitment adjustment is required is attached to this letter. We are providing the following definitions for the items in that report.

**FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

**SERVICES ORDERED:** The type of service ordered from the service provider, as shown on Form 471.

**SPIN (Service Provider Identification Number):** A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support mechanisms. A SPIN is also used to verify delivery of services and to arrange for payment.

**SERVICE PROVIDER NAME:** The legal name of the service provider.

**CONTRACT NUMBER:** The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on your Form 471.

**BILLING ACCOUNT NUMBER:** The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on your Form 471.

**SITE IDENTIFIER:** The Entity Number listed in Form 471, Block 5, Item 22a. This number will only be present for "site specific" FRNs.

**ORIGINAL FUNDING COMMITMENT:** This represents the original amount of funding that SLD had reserved to reimburse you for the approved discounts for this service for this funding year.

**COMMITMENT ADJUSTMENT AMOUNT:** This represents the amount of funding that SLD has rescinded because of program rule violations.

**ADJUSTED FUNDING COMMITMENT:** This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

**FUNDS DISBURSED TO DATE:** This represents the total funds that have been paid to the identified service provider for this FRN as of the date of this letter.

**FUNDS TO BE RECOVERED FROM APPLICANT:** This represents the amount of improperly disbursed funds to date as a result of rule violation(s) for which the applicant has been determined to be responsible. These improperly disbursed funds will have to be recovered from the applicant.

**FUNDING COMMITMENT ADJUSTMENT EXPLANATION:** This entry provides an explanation of the reason the adjustment was made.

**Funding Commitment Adjustment Report for  
Form 471 Application Number: 341105**

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Funding Request Number:	1030525
Services Ordered:	INTERNAL CONNECTIONS
SPIN:	143008784
Service Provider Name:	Henkels & McCoy Inc.
Contract Number:	RFP 23--015
Billing Account Number:	12765--3781
Site Identifier:	139544
Original Funding Commitment:	\$186,578.42
Commitment Adjustment Amount:	\$34,329.30
Adjusted Funding Commitment:	\$152,249.12
Funds Disbursed to Date:	\$150,928.85
Funds to be Recovered from Applicant:	\$0.00

**Funding Commitment Adjustment Explanation:**

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$34,329.30. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$30,530.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$42,911.63. At the applicant's 80 percent discount rate this resulted in an improper commitment of \$34,329.30. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.sl.universalservice.org](http://www.sl.universalservice.org), Eligible Services List. Accordingly, the commitment has been reduced by \$34,329.30.

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